

# The Gazette of India

EXTRAORDINARY

PUBLISHED BY AUTHORITY

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NEW DELHI, SATURDAY, MARCH 29, 1947

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GOVERNMENT OF INDIA

DEPARTMENT OF COMMERCE

*New Delhi, the 29th March 1947*

## RESOLUTIONS

### TARIFFS

**No. 218-T(22)/47.**—The Government of India, in their Resolution in the Department of Commerce No. 28-T(6)/46, dated the 20th January, 1947, requested the Tariff Board to hold a summary enquiry and advise whether, in the present circumstances, protection at the existing or at a different scale should be granted to the cotton textiles manufacturing industry for a further year after the 31st March 1947 when the existing protective duties on cotton piecegoods and yarn will expire. The Tariff Board has submitted its report, and has made the following main recommendations:—

- (i) The industry has failed to substantiate its demand for extension of protection, and the protective duties should be allowed to expire on the 31st March 1947, to be replaced, however, by such revenue duties on cotton textiles as may be imposed on budgetary considerations. There should be only one scale of duties and that should be the lower of the two existing scales.
- (ii) Any declaration of expiry of protection should be accompanied by a definite and categorical announcement that de-protection does not signify any weakening in the interests of Government in the well being and integrity of the cotton textile manufacturing industry which is the premier industry of the country. A tariff enquiry should definitely be guaranteed to the industry as soon as imports of cotton piecegoods exceed, for three months running, a monthly average of 25 million yards unless the industry itself asks for a tariff enquiry earlier, in order to determine whether the volume and prices of imports affect the position and integrity of the Indian industry so as to call for re-imposition of protection.
- (iii) The import duty on yarn is doing no good to the Indian mill industry, while its existence imposes some hardship on the handloom industry; there should, therefore, be no duty on yarn, protective or revenue.
- (iv) The recommendations in regard to duties on cotton textiles should apply to the imports of artificial silk and cotton and art silk mixed fabrics.

2. Government have carefully considered the report, and have decided to accept the recommendation of the Board on the main issue before it. Government agree with the Board that the world position of the cotton textiles industry is such that there is very little prospect in the near future of any textile producing country exporting cloth to India in such quantities as to compel the indigenous industry to curtail its production or produce at unremunerative prices. In 1946-47 the total imports of cotton yarn and cotton piecegoods are not expected to exceed 150,000 lbs. and 15 million yards, respectively, while India can stand the import of 2,000 million yards of cloth a year, which represents the present gap between estimated consumption and production of mill and handloom cloth. There is no possibility of more than a fraction of the deficit being imported, and Government, therefore, agree that there is at present no competition between the Indian industry and the textile industry of other countries. Even in regard to prices, the indigenous products have nothing to fear from the imported goods except in the case of certain fine and superfine qualities. The protective duties on cotton piecegoods and yarn will accordingly be allowed to expire on the 31st March 1947.

3. Government accept recommendation (ii) and have no hesitation in giving the industry the assurance and guarantee suggested by the Board.

4. The rates of revenue duties to be imposed on imports of cotton piecegoods and yarn are under consideration and will be announced at the proper time.

5. With regard to recommendation (iv), Government consider that in recommending that the protective duties on artificial silk and cotton and artificial silk mixed fabrics should be allowed to lapse, the Board has gone beyond its terms of reference, and that since the rayon industry in India is in its infancy the protective duties should not be removed without a full inquiry. It is proposed, therefore, to continue the existing protective duties on these goods for a further period of one year, and the necessary legislation will be undertaken as soon as possible.

#### ORDER

ORDERED that a copy of this Resolution be communicated to all Provincial Governments, all Chief Commissioners, the several Departments of the Government of India, the Political Department, the Private and Military Secretaries to His Excellency the Viceroy, the Central Board of Revenue, the Auditor General, the Director General of Employment and Resettlement, the Director General, Industries and Supplies, the High Commissioner for India in London, the Economic Adviser to the Government of India, the Director of Commercial Intelligence, Calcutta, the Indian Trade Commissioner, London, the Indian Trade Commissioners at New York, Buenos Aires, Toronto, Alexandria, Colombo, Paris, Mombasa, Tehran and Sydney, the Trade Agent, Kabul, His Majesty's Senior Trade Commissioner in India, the American Consulate General, Calcutta, the Canadian Trade Commissioner in India, the Australian Trade Commissioner in India, the Secretary, Tariff Board, Bombay, the Chief Controller of Imports, and all recognised Chambers of Commerce and Associations.

ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the Gazette of India.

**No. 218-T(23)/47.**—In their Resolution in the Department of Commerce No. 218-T(55)/45, dated the 4th May 1946, the Government of India referred to the Tariff Board a claim to protection received from the sodium sulphide industry. The terms of reference to the Tariff Board are contained in paragraph 5 of Commerce Department Resolution No. 218-T(55)/45, dated the 3rd November 1945.

2. The Board considers that this industry does not qualify for the grant of protection at this stage, and has made the following recommendations :—

- “(i) No case has been made out for the grant of protection at the present stage. If and when the sodium sulphide industry is established and conducted on efficient lines and the landed cost comes down substantially, it will be entitled to ask for a reconsideration of its claim to protection.
- (ii) The Board hopes that the Jodhpur State Government will supply the Jodhpur factory with sodium sulphate at a price not exceeding Rs. 50 per ton.
- (iii) The restriction on the importation of sodium sulphide should be relaxed and the chemical should be placed on the Open General Licence list.
- (iv) The duty paid on the import of rotary furnaces by manufacturers of sodium sulphide since the date of reference of the case to the Board, i.e., 4th May 1946, should be refunded.’

3. The Government of India wish to draw attention to paragraphs 10 and 13 of the Board's report from which it will be seen that the industry is not run on sound business lines. Government accept the Board's conclusion that the industry is not yet eligible for protection.

4. Recommendation (ii) will be brought to the notice of the Jodhpur State Government. Government accept recommendation (iii).

5. With regard to recommendation (iv), the general question of exemption of industrial machinery from import duty is under consideration

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ORDERED also that it be published in the *Gazette of India*.

**No. 218-T(25)/47.**—In their Resolution No. 28-T(6)/46, dated the 20th January 1947, in the Department of Commerce, the Government of India requested the Tariff Board to hold a summary enquiry and advise Government whether, in the present circumstances, protection at the existing or at a different scale should be granted for a further year after the 31st March 1947 to the sugar industry.

2. The Board, having conducted an enquiry, has submitted its report. Its main recommendations are as follows:—

- (i) The present Central Government grant to the Indian Central Sugar-cane Committee of As. -/1/- per cwt. of sugar from the Excise Duty should be increased to As. -/4/- per cwt.
- (ii) All facilities should be given to the sugar factories to establish subsidiary industries.
- (iii) The present protective duties should be continued for a further period of one year.

3. The Government of India accept the recommendation that the existing protective duties should be continued for a further period of one year ending the 31st March 1948. The necessary legislation to give effect to this decision will be undertaken as soon as possible.

4. The Government of India also accept recommendations (i) and (ii) of the Board.

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ORDERED that a copy of this Resolution be communicated to all Provincial Governments, all Chief Commissioners, the several Departments of the Government of India, the Political Department, the Private and Military Secretaries to His Excellency the Viceroy, the Central Board of Revenue, the Auditor General, the Director General of Employment and Resettlement, the Director General, Industries and Supplies, the High Commissioner for India in London, the Economic Adviser to the Government of India, the Director of Commercial Intelligence, Calcutta the Indian Trade Commissioner, London, the Indian Trade Commissioners at New York, Buenos Aires, Toronto, Alexandria, Colombo, Paris, Mombasa, Tehran and Sydney, the Trade Agent, Kabul, His Majesty's Senior Trade Commissioner in India, the American Consulate General, Calcutta, the Canadian Trade Commissioner in India, the Australian Trade Commissioner in India, the Secretary, Tariff Board, Bombay, the Chief Controller of Imports and all recognised Chambers of Commerce and Associations.

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Y. N. SUKTHANKAR. Secy.